BACKGROUND

America's forefathers fully understood how the spirit, dedication, and perseverance of a group of people can become the dynamic force needed to shape a country's future. Reflective of this purpose and commitment, the M organization invests in its most vital resource – its people. It is the contributions of these M employees that enables the Department of Transportation (DOT) to meet and exceed the President's Management Agenda (PMA) initiatives and the Department's strategic objectives in safety, mobility, global connectivity, environmental stewardship, and security through *Safer, Simpler, Smarter Transportation Solutions*.

Focusing on accountability, integration, and efficiency, M provides the Department with common services in human resources, security, procurement, grant management, and other essential administrative services. The magnitude of M's responsibilities and accomplishments to date is a testimony to the organization's dedication to the relentless pursuit of excellence. To achieve M's vision of *creating a model organization that delivers results and meets customer needs*, M drives toward continuous improvement as part of its "MQ3" agenda: M's initiatives focused on attracting and retaining *quality* people, enhancing the *quality* of worklife, and improving the *quality* of M service.

This report focuses on M's priorities and highlights our recent successes. Building upon MQ3, this report also describes M's newest strategic enterprise-wide initiatives, providing a template to ensure even greater success across the Department as M endeavors to better serve our customer populations and the American public.

M PRIORITIES

Office of the Assistant Secretary for Administration (M-1)
DOT is the first agency to achieve "green," the highest rating, on four of the six PMA initiatives. In partnership with the Office of Management and Budget and the Office of Personnel Management, M-1 provided the leadership necessary in transforming the Department's culture to reflect its commitment of being citizen-centered, results-oriented, and market-based by managing two of the four "greens" in Strategic Management of Human Capital and Competitive Sourcing. One of our top priorities is to maintain "green" in these two PMA initiatives.

In addition to advancing the PMA, M-1 continues to provide Departmental direction and leadership by further developing and strengthening the infrastructure of the previously merged M organization, which resulted in reducing expenses by $17 million via streamlining 53 programs and eliminating 50 positions, thereby generating $2 million in annual savings. M-1 is also implementing Lean Six Sigma – a disciplined, measurement-based strategy that focuses on process and productivity improvement – in five core areas: Digital Document Center billing, security background investigations, transit benefits applications, contract close-outs, and accruals processing.

Office of Audit Relations (M-1)
The Office of Audit Relations serves as the primary point of contact with the Government Accountability Office (GAO), works with the Office of Inspector General on OST and multimodal

audits, and helps break logjams that develop in identifying actions to be taken pursuant to audit recommendations throughout the Department. This office ensures audit work conducted throughout DOT proceeds expeditiously and equitably by providing a variety of services, including consultation and analysis, facilitation, negotiation, and assistance in written and oral communications. There are 60-80 ongoing GAO assignments at any time, and current pressing audits range from MARAD's ship disposal program to FAA's National Airspace System enterprise architecture.

Office of Human Resource Management (M-10)
The Office of Human Resource Management provides Departmental human capital policy, strategic planning, consulting services, and innovative solutions for managers, employees, and potential hires. M-10 led a united effort to create an Executive Agent for QuickHire, a fully automated recruitment system that reduces hiring time to meet OPM's 45-day model, increases the volume of applicant responses, and strengthens our diversity planning and outreach. To help meet current and future DOT needs, M-10 coordinated 13 organizational restructuring efforts throughout DOT, using VERA/VSIP authority to support competitive sourcing efforts and to provide management tools for improving skills/competency mix and filling positions more cost-effectively. Such efforts are based on the department-wide workforce planning, which M-10 leads, that identified trends and gaps to make key strategic decisions about recruitment, training, succession strategies, competitive sourcing, and restructuring.

A comprehensive dossier of accomplishments documenting key successes has been published on the web at http://dothr.ost.dot.gov/human_capital_plan.pdf. While the standards for the PMA Human Capital initiative continue to rise, M-10 is also leading the Departmental effort to migrate to the Department of Interior's Federal Personnel and Payroll System (FPPS) as part of the PMA E-Gov initiative. The human resource team is also providing critical leadership in the stand-up of DOT's newest Operating Administrations, RITA and PHMSA.

Office of Hearings (M-20)
The Office of Hearings, comprised of administrative law judges and attorney advisors, continues to provide formal adjudicatory proceedings for the Department under the Administrative Procedure Act. Official proceedings, totaling approximately 400 cases for OST, FAA, FMCSA, and RSPA in FY 2004, include air carrier citizenship determinations and civil penalty cases on passenger discrimination, hazardous materials and other violations of Departmental regulations.

Office of Information Services (M-30)
Serving as the Department's information clearinghouse, the Office of Information Services is responsible for enhancing access to information for DOT and the general public. M-30 strives to be more streamlined and cost-effective and continues to reduce physical space with their eye on the virtual horizon forthcoming with the new building move. M-30 accomplishments include: generating $850,000 annual customer savings by working with the Government Printing Office to compete distribution jobs, producing $250,000 annual customer savings by eliminating over 241 skids of outdated publications and furniture items from the DOT Warehouse, maintaining an unprecedented 99 percent on-time processing rate in Dockets Operations, and completing the weeding project, which resulted in removing over 18,000 books and returning over 3,100 square feet of space, six months ahead of schedule.

M-30's current priorities include transitioning DOT agencies' mail operations from the Official Mail Accounting System to commercial methods; developing more electronic resources for the library to include digitizing the DOT orders, modal reports, or other DOT-produced materials; and continuing to prepare for transition to the government-wide docket management system.

Office of Security (M-40)

The Office of Security is responsible for keeping DOT property, visitors, and personnel – especially the Secretary of Transportation – safe and secure. In addition to participating in PMA E-Gov/E-Clearance initiatives, M-40 implemented state-of-the-art technology to maximize efficiency and to expedite the security clearance process. The Live Scan System, for example, links DOT to the FBI's fingerprint database and reduces processing time for criminal history checks from approximately three weeks to two hours. M-40 also developed the security requirements for the new DOT Headquarters Building and worked with the General Services Administration and the building's developer to design technologically-advanced security systems to protect DOT. Among other high priority projects, M-40 is concentrating on HSPD 12 (common identification standards for federal employees and contractors) and providing classified information security awareness and training.

Office of Transportation and Facilities (M-50)

The Office of Transportation and Facilities works to improve federal stewardship of national assets, protect the environment, conserve energy, and provide a safe and healthy workplace for DOT employees. In addition to managing the DOT Headquarters building encompassing 1.7 million square feet, M-50's main priorities include implementing several government-wide management reforms and moving from "yellow" to "green" in progress on the newest PMA Federal Real Property Asset Management initiative.

M-50's Transportation Services Office manages a $220 million operation and continues to provide timely and efficient service to over 200,000 customers nationwide on behalf of over 100 federal agencies while overall regional customers continue to grow. Due to the signing of a customer agreement with the United States Postal Service (USPS) for the administration of a full service commuter benefit program, M-50 will focus on providing transit benefits for USPS's 700,000-strong workforce across the country, saving these employees up to 40 percent on transit costs.

Office of the Senior Procurement Executive (M-60)

The Office of the Senior Procurement Executive is responsible for finding best business solutions to accomplish DOT missions. M-60 increased the department's rebate potential by $1 million annually by re-competing the Department's purchase card business, and the annuals savings will be directly returned to DOT customers. DOT leverages its buying power through strategic sourcing techniques, such as pricing agreements, enterprise software licenses and Department-wide contracts. With the help of the General Counsel, Inspector General and other M offices, M-60 is implementing a vigorous suspension and debarment program to ensure funds are not used fraudulently or inappropriately. In addition, DOT is still one of the few agencies to achieve "green" status on the PMA Competitive Sourcing initiative. More importantly, competitive sourcing is implemented as one of the many strategic human capital tools to help reshape DOT's workforce for the future and produce savings for the American taxpayers. M-60 is currently focused on developing a proposal for the Assistant Secretary to centralize the Department's competitive sourcing program.

Office of Financial Management (M-70)

The Office of Financial Management provides financial oversight on the Department's Working Capital Fund (WCF) and the Assistant Secretary for Administration's annual operating and reimbursable programs. In the process, M-70 improved financial performance by implementing Projects Cost Accounting and reducing interest penalty payments by 42 percent from FY 2003 and over 300 percent from FY 2002. M-70 also enhanced transparency, demonstrated accountability and greatly improved customer relations. Efforts include proactively reviewing all WCF lines of business and successfully reducing FY 2004 customer estimates by $14.2 million to provide a partial solution to the $17.8 million reduction received from a Congressional across the board cut to all Operating Administrations. Additionally, program managers identified over $867,000 in end-of-year savings to

customers. Funds were returned to Operating Administrations two days after they were identified and in time for customers to fund other priority DOT initiatives. M-70 is currently working on ways to mitigate the $1.7 million Salaries and Expenses budget shortfall.

Office of the New Headquarters Building/Space Management (M-90)
The Office of Headquarters Building/Space Management is responsible for the Department's current and future real estate needs. M-90 continues to manage DOT's existing 40 million square feet of office and warehouse space across the Nation and oversees the new headquarters construction project. The construction of the new headquarter's third floor is in progress, and the project is on schedule for completion by late CY 2006. M-90's priorities are to obtain all necessary funding for the project, achieve all of DOT's program of requirements request plus most modal requests for tenant spaces, and finalize the Occupancy Agreement, which outlines the financial terms, between the General Services Administration and DOT. As a testament to M-90's successful stewardship, the project received the coveted Best Real Estate Deals of 2002 awards in the "Best GSA Deal" and "Best Overall" categories from the Washington Business Journal.

M'S STRATEGIC ENTERPRISE-WIDE INITIATIVES

The M organization received the Secretary's Partnering for Excellence Award in October 2003 for its outstanding teamwork on the M reorganization efforts and the results achieved. The award exemplifies M's ability – and commitment – to lead the Department in change and improvement initiatives.

Analogous to the bold reform strategies under the PMA that help the federal government continuously and aggressively move toward optimizing performance, improving efficiencies, and increasing accountability, the M organization is leading by example and has identified two new strategic enterprise-wide initiatives for the Department: Human Resources Shared Services and Competitive Sourcing Centralization. To meet today's ever-increasing demands by anticipating tomorrow's unforeseen challenges, these two new initiatives will enable the M organization to better serve our customers.

Enterprise-wide Initiative #1: Human Resources Shared Services
OPM is spearheading efforts toward government-wide shared services. For example, in support of the PMA E-Gov/E-Payroll initiative, OPM began to streamline payroll processes by consolidating 22 federal payroll providers down to four. Following this lead and recognizing the economies of scale in the delivery of such consolidated services, the M organization will identify and create new Departmental opportunities for shared services in human resources (HR). HR shared services will help eliminate duplicative efforts, leverage staff resources, streamline processes, standardize procedures, and maximize automation tools. Elements to providing service excellence, such as timeliness, access, and quality, will continue to serve as critical factors.

The successful implementation of QuickHire at DOT is an example of HR consolidation and automation. HR is charged with attracting the best talent, which is essential to the growth and stability of the Department, and QuickHire has reduced the hiring process from announcement closing to selection to meet OPM's 45-day standard. In addition to reducing time-to-hire, automated staffing allows DOT to collect accurate race and national origin data, which helps improve our diversity planning and outreach.

The Department has also achieved success with "virtual" shared services. For example, a consolidated purchase of the ESI Retirement Calculator for HR offices across the Department saved

the Operating Administrations about $24,000 over the cost the modes would have paid for individually-purchased licenses. The ESI Retirement Calculator eliminates duplication of effort and increases accuracy of retirement estimates because employee data is entered only one time while populating multiple forms, which eliminates both time and error.

Enterprise-wide Initiative #2: Competitive Sourcing Centralization
OMB is expecting federal agencies to build a competitive sourcing infrastructure that will institutionalize a culture of competition within the agency. DOT's ultimate goal for competitive sourcing is to integrate and align the human capital and competitive sourcing initiatives to make competitive sourcing an integral tool of workforce planning.

Creating a Centralized Competitive Sourcing Office within the Office of the Assistant Secretary for Administration will improve DOT's ability to select competitive sourcing studies based on workforce needs and to communicate to DOT employees with one consistent voice. Other benefits include: savings of 20 percent (estimated $1 million) by centralizing contractor support; reduction in competitive sourcing staffs in each mode; decrease in training costs through eliminating duplicate efforts; improvement of quality and consistency of the FAIR Act inventories; and increase in potential for identifying cross-modal/cross-functional studies.